



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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AUDITOR-CONTROLLER

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November 13, 2007

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **TRANSITIONAL LIVING CENTERS FOR LOS ANGELES COUNTY,  
INC. CONTRACT COMPLIANCE REVIEW – A DEPARTMENT OF  
MENTAL HEALTH SERVICE PROVIDER**

We have completed a contract compliance review of Transitional Living Centers for Los Angeles County, Inc. (TLC or Agency), a Department of Mental Health (DMH) service provider.

**Background**

DMH contracts with TLC, a private non-profit community-based organization, which provides services to clients in Service Planning Area 8. Services include interviewing program clients, assessing their mental health needs and developing and implementing a treatment plan. The Agency's headquarters is located in the Second District.

Our review focused on approved Medi-Cal billings. DMH paid TLC between \$1.84 and \$3.46 per minute of staff time (\$110.40 to \$207.60 per hour) and \$103.44 per day for services. However, TLC is reimbursed for their actual costs reported at year end. TLC's contract was for approximately \$1.7 million for Fiscal Year 2006-07.

**Purpose/Methodology**

The purpose of the review was to determine whether TLC complied with its contract terms and provided the services outlined in their County contract. We also evaluated

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the Agency's compliance with federal, State and County guidelines. In addition, we interviewed Agency staff and a selected number of clients or their parents/guardians.

### **Results of Review**

Overall, TLC maintained documentation to support the service minutes and service days billed. In addition, the clients indicated that the services they received met their expectations. However, the Agency did not always comply with the provisions of the County contract. For example:

- The Assessments for four (27%) of the 15 clients did not describe symptoms consistent with the Agency's clinical diagnosis or were not completed within the last year.
- The Client Care Plans for eight (53%) of the 15 clients did not contain observable and/or quantifiable goals or planned interventions addressing the presenting problems or functional impairments.
- Five (25%) of the 20 Progress Notes reviewed did not describe what the client or service staff attempted and/or accomplished towards the clients' goals.
- Two of the seven staff reviewed did not possess the required qualifications to complete an Adult Initial Assessment.
- TLC did not always maintain the required staff levels in their Adult Transitional Residential program.
- TLC substantially deviated from contracted service levels without prior written authorization from the DMH Director.
- TLC has not attended monthly DMH Quality Improvement Committee meetings for their Service Area in over ten months.

We have attached the details of our review along with recommendations for corrective action.

### **Review of Report**

We discussed the results of our review with TLC on June 25, 2007. In their attached response, the Agency indicated the corrective actions they are taking to address the recommendations in our report.

We thank TLC management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer  
Dr. Marvin J. Southard, Director, Department of Mental Health  
Kenneth Parker, President/CEO, Transitional Living Centers for Los Angeles  
County, Inc.  
Public Information Office  
Audit Committee

**CONTRACT COMPLIANCE REVIEW  
TRANSITIONAL LIVING CENTERS FOR LOS ANGELES COUNTY, INC.  
FISCAL YEAR 2006-07**

**BILLED SERVICES**

**Objective**

Determine whether Transitional Living Centers for Los Angeles County, Inc. (TLC or Agency) provided the services billed in accordance with their contract with the Department of Mental Health (DMH).

**Verification**

We judgmentally selected 20 billings totaling 796 minutes from 1,995 service minutes and 10 billings totaling 245 full-days from 759 service days of approved Medi-Cal billings for December 2006 and January 2007. We reviewed the Assessments, Client Care Plans, Progress Notes and Weekly Summaries maintained in the clients' chart for the selected billings. The 796 minutes and 245 days represent services provided to 15 program participants.

**Results**

TLC did not complete five (25%) of the 20 Progress Notes in accordance with the County Contract. Specifically, the Progress Notes for Mental Health services did not describe what the client or service staff attempted and/or accomplished towards the clients' goals.

In addition, TLC did not complete the Assessments in accordance with the County contract for four (27%) of 15 clients sampled. An Assessment is a diagnostic tool used to document the clinical evaluation of each client and establish the client's mental health treatment needs. Specifically:

- Two Assessments did not describe symptoms and behaviors that are consistent with the Agency's clinical diagnosis. The County contract requires agencies to follow the Diagnostic and Statistical Manual of Mental Disorders (DSM) when diagnosing clients. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental disorder and the criteria for diagnosing them.
- Two Assessments were not completed within the last year. Specifically, one Assessment was three years old and the other assessment was two years old. The County contract requires agencies to assess client needs annually to ensure that services continue to be necessary.

The Agency did not maintain completed Client Care Plans for eight (53%) of the 15 clients sampled. The Client Care Plan establishes goals and interventions that address the mental health issues identified in the client's Assessment. Specifically:

- Six Client Care Plans did not contain observable and/or quantifiable goals.
- Four Client Care Plans did not contain goals and planned interventions that address the presenting problems or functional impairments.
- One Client Care Plan was not signed by the participant or legally responsible adult.

The total number of Client Care Plans described above exceeds the total number of Client Care Plans cited because some of the Client Care Plans contained more than one deficiency.

### **Recommendation**

1. **TLC management ensure that Assessments, Client Care Plans and Progress Notes are completed in accordance with the County contract.**

### **CLIENT VERIFICATION**

#### **Objective**

Determine whether clients received the services that TLC billed DMH.

#### **Verification**

We interviewed eight participants that the Agency billed DMH for services during December 2006 and January 2007.

#### **Results**

The eight program participants interviewed stated that the services they received from the Agency met their expectations.

### **Recommendation**

**There are no recommendations for this section.**

**STAFFING LEVELS****Objective**

Determine whether the Agency maintained the required staffing ratio of one staff to 2.5 clients in their Adult Transitional Residential Program.

**Verification**

We selected eight days in December 2006 and January 2007 and reviewed the staff and client logs. We also reviewed staff timecards.

**Results**

TLC did not maintain sufficient staff in its Adult Transitional Residential Program for five (63%) of the eight days sampled. The Agency maintained a staffing ratio of one staff to 3.1 clients for the five days.

**Recommendation**

2. **TLC management maintain the required staff levels in the Adult Transitional Residential program.**

**STAFF QUALIFICATIONS****Objective**

Determine whether Transitional Living Centers for Los Angeles County, Inc. treatment staff possessed the required qualifications to provide the services.

**Verification**

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 7 out of 20 treatment staff employed by the Agency during December 2006 and January 2007.

**Results**

Two (29%) of the seven staff in our sample did not possess the required qualifications to complete an Adult Initial Assessment.

**Recommendation**

3. **TLC management ensure that staff meet the requirements to deliver the services billed.**

## **SERVICE LEVELS**

### **Objective**

Determine whether TLC's reported service levels varied significantly from the service levels identified in the DMH contract.

### **Verification**

We obtained Fiscal Year 2005-06 Cost Report submitted to DMH by TLC and compared the dollar amount and billed units of service to the contracted units of service identified in the contract for the same period.

### **Results**

Overall, TLC operated within its contracted amount of \$1.6 million. However, within specific service categories the Agency substantially deviated from contracted service levels without prior written authorization from the DMH Director. Specifically, the Agency provided 6,300 units (83%) less Targeted Case Management Services and 24,600 units (71%) less Mental Health Services than they were contracted to provide. In addition, the Agency exceeded its contracted Socialization services by 1,000 units (67%).

### **Recommendation**

4. **TLC management obtain written authorization from DMH prior deviating from contracted service levels.**

## **QUALITY IMPROVEMENT**

### **Objective**

Determine whether TLC has a Quality Improvement (QI) process to monitor and improve operations. In addition, determine whether the Agency attended the monthly DMH Quality Improvement Committee (QIC) meetings for their Service Area.

### **Verification**

We interviewed TLC management and the DMH QIC coordinator.

### **Results**

TLC has a QI process but they have not attended the monthly DMH QIC meetings for their Service Area in over ten months. The contract requires the Agency to attend the QIC meetings at least quarterly.

**Recommendation**

5. TLC management participate in the DMH Quality Improvement Committee meetings.



**TRANSITIONAL LIVING CENTERS FOR LOS ANGELES COUNTY, INC.**  
**(A non-profit, tax-exempt, Short Doyle contract agency)**  
**16119 Prairie Avenue**  
**Lawndale, California 90260**  
**Tel: (310) 542-4825**

September 12, 2007

J. Tyler McCauley, Auditor-Controller  
Department of Auditor-Controller  
Kenneth Hahn Hall of Administration  
500 West Temple St., Room 525  
Los Angeles, Ca. 90012-2706

Dear Mr. McCauley:

This is our response to the Contract Compliance Review of our Agency conducted by the Department of Auditor-Controller.

**Recommendation #1**

Training has been provided to our staff to ensure the following:

- that client care plans contain observable and/or quantifiable goals that address the presenting problems or functional impairments identified in the client's Assessment/Client Care Plan; and
- that progress notes for Mental Health Services describe what the client or service staff attempted and/or accomplished towards the client's goals; and
- that Assessments will be completed annually.

**Recommendation #2**

There was a slight staffing variance for 5 of the 8 days sampled in the Adult Transitional Residential Program due to an unexpected family emergency for one of our residential staff that occurred during the holiday season. We have taken steps to ensure that relief coverage is available to maintain required staff levels at all times.

**Recommendation #3**

All Adult Initial Assessments are now being completed by a licensed mental health professional.

**Recommendation #4**

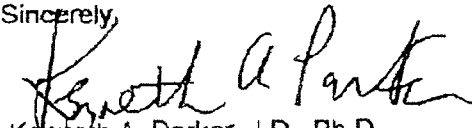
We will obtain written authorization from DMH whenever required prior to deviating from contracted service levels.

Recommendation #5

Our Agency will attend the QIC meetings at least quarterly.

We appreciate these matters being brought to our attention, and we have implemented the corrective actions accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth A. Parker". The signature is fluid and cursive, with the first name "Kenneth" being more prominent.

Kenneth A. Parker, J.D., Ph.D.  
Pres./CEO